

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

PAULSON PRV HOLDINGS LLC et al.

CASE NO. 23-cv-01521 SCC

Plaintiffs

v.

CIVIL RICO

FAHAD GHAFAR et al.

Defendants

**Response to the Plaintiffs' Informative Motion
Regarding Report and Recommendation**

TO THE HONORABLE COURT:

COME NOW, co-defendants Amir Ghaffar, Coverisq LLC and Tygate PTE Ltd. (collectively referred to as "Amir"), through undersigned counsel and most respectfully state and pray as follows:

1. On January 10, 2025, Amir filed his objections to Magistrate Marcos E. Lopez's Report and Recommendation, *docket 188*. At the time of the filing, for which an extension was sought and granted by the Court, *dockets 184 and 186*, the only other party that had requested an extension to object was the plaintiffs, *dockets 183 and 185*.

2. On January 2, 2025, when Paulson requested an extension to object to the R&R, he unequivocally stated that he had "compelling grounds for objection", *docket 183*. However, on January 13, 2025, Paulson did not object to the R&R but acquiesced to the recommendations of mandated arbitration with Fahad and a forced stay of the entire case affecting all defendants, who will not, and cannot, be part of the arbitration process, *docket 189*.

3. Paulson's acquiescence to the R&R was filed after Amir had filed his objection arguing that the recommended stay would cause him further catastrophic damages and that his motion to dismiss should be adjudicated. Paulson's drastic and unexpected change in positions, from a vehement and passionate objection to arbitration, the announcement of "compelling grounds for objection" to the R&R, the surprising reversal in position, and conspicuous silence regarding Amir's damages, further evidence plaintiffs' bad faith litigation against Amir, who has been held hostage in the battle between Fahad and Paulson, and now seeks to avoid an indefinite limbo waiting for Fahad and Paulson to battle it out in arbitration.

4. Rather than issuing a stay regarding Amir, his motion to dismiss should be adjudicated by the Court and the case dismissed. The plaintiffs have expressed no objection Amir's request for a partial stay.

5. Furthermore, Paulson's RICO claim against Amir, in addition to all its procedural insufficiencies, is based on an inconceivable scheme – that insurance premiums were manipulated and augmented by Amir. But Amir has no control over such actions because the Puerto Rico Insurance Code establishes that the insurance companies determine the amount and collect the insurance premiums and then pay previously established and published commissions. The insurance companies, who have the exclusive control of the actions imputed to Amir, are not parties to the complaint, nor is there an allegation that they are complicit. And the securities fraud allegations do not reference one sole action taken by Amir in the alleged fraudulent scheme, thus a Section 10(b) action simply cannot attach against him.

6. Finally, the ensuing arbitration award between Fahad and Paulson will not affect or adjudicate the scope of Paulson's claims against Amir. Paulson's claims against Amir are separate and independent from the claims he has against Fahad and the other defendants. Plaintiffs' claims against Amir need to be evaluated separately and independent from Paulson's ongoing litigation against Fahad. After all, the claims filed against Amir are based on his personal actions, not on Fahad's.

WHEREFORE, appearing defendants respectfully request that, considering the Magistrate's Report and Recommendation, the Court issue only a partial stay excluding Amir, and a decision on their motion to dismiss be issued.

I HEREBY CERTIFY that this document has been tendered for filing by electronic means and pursuant to FRCP 5(b)(2)(E) and 5(b)(3) and Puerto Rico Local Rule 5(b)(2), receipt of the Notice of Electronic Filing generated by the Court's Electronic Case Filing System constitutes the equivalent of service of the instant motion to all pertinent persons.

Dated: January 22, 2025.

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